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B. In the underdeveloped areas, the drive toward economic betterment is second only to political nationalism. In this decisive geographic arena, the Soviets preach the doctrine of communism as the only true way to progress.

The party line was fully spelled out at the Afro-Asian Peoples' Solidarity Conference, held in Cairo last December. The familiar distortions were all paraded - that Russia had become a great industrial power in 40 years without any outside help, that history shows the fastest way to industrialize is to nationalize the means of production, and that this course is best for the masses of the people in raising living standards. Let's consider each of these allegations.

First, did Russia development take place without outside aid? The Soviet leaders conveniently forget the vast infusions of foreign technological assistance in the 1930's, the wealth of machinery and equipment that the West poured in under wartime lend-lease, and the capital windfalls resulting from the looting of countries occupied during and after the second world war.

As far as economic growth is concerned, people in underdeveloped areas seem to discount statements that the United States grew as fast during the 40 years, 1880 to 1920, a period of development some experts believe most comparable to the first 40 years of communism in Russia. They seem to think our own experience was a special case, now distant in time. But north of our borders during the 20th century, there has been a parallel development in Canada. Over the same 40 years which encompass the Russian experience, Canada grew at least as rapidly. Indeed, her gross national product from 1920 through 1952 increased at an annual rate of over 7 percent, measured in constant dollars. And this growth was far better balanced between agriculture and industry than in Russia. As far as industrialization is concerned, Canadian per capita steel output was 264 kilograms in 1955, compared with 226 kg. per capita for the USSR in the same year. One should hesitate, therefore, to find in the Russian experience any solution to the economic development problem.

But the cruelest hoax of all perpetrated by the Russian delegation at Cairo <sup>the</sup> was <sub>^</sub>claim that socialism is best for the people, that is, it raises living standards.

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The heart of any consideration of living standards rests on the familiar triumverate, food, clothing, and shelter. Using the Soviet's own published figures on crop output and population, we can see that in 1955 and 1956, the average Soviet diet could not have been much better, if in fact any better at all, than it was under the Czar in 1913. In both periods, it was the same uninspiring grain and potatoes diet, with very little meat and other quality foods. In contrast, the importance of potatoes and cereals in the Canadian diet declined by over one third during the same period, while meat increased over 20 per cent per capita, and there were significant increases of milk, cheese, eggs and other quality foods.

In the matter of housing, we have the benefit of a United Nations study, released in 1956. This study showed that there is no country in Western Europe today with urban housing standards as low as those in the Soviet Union. In contrast to the Canadian experience, which has been one of steady improvement, Russian city dwellers, after 40 years of sacrifice, have no more living space than they did under the Czar.

Finally, we turn to clothing, as reflected in textile statistics. Here we find some improvement in the USSR. The Soviet data show that the domestic availability of cloth, per capita, is significantly higher than it was under the Czar. Unfortunately, there are no comparable Canadian textile data going back to 1913, although the production data available show a sharp increase. We do know, of course, that in the consumer durable goods field, the contrasts in automobiles, refrigerators and washing machines are so weighted in favor of the Canadian consumer that comparison with the USSR is almost grotesque.

At Cairo, the Russian delegation in urging the underdeveloped countries to nationalize their industry and trade, called attention to Soviet history as, and I quote, "A lesson in economic development."

I urge the leaders of underdeveloped countries, understandably confused by a constant barrage of Soviet propaganda, to study this lesson. It is true that it is possible to achieve rapid industrial growth under communism, but only by sacrificing the economic interests of the people. At the risk of some oversimplification, which does no violence to the facts, 40 years of communism has only given the average Russian citizen one more shirt, in payment for all his sacrifices. The loss of liberty, the liquidation of friends and relatives, the long hours of labor, the frequent famines, all have been paid

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for with a few yards of cloth. This is the true lesson of Soviet economic development.

The Canadian lesson stands out in sharp contrast. The increase of over 300 per cent in gross national product between 1920 and 1952 was fully reflected in increased living standards of her people, and at no sacrifice to personal liberties.

How have the Canadians been able to do this? By providing an economic climate in which free enterprise could flourish, they were able to greatly supplement their own development capabilities. As in our own country at a comparable stage in economic development, progress and growth were aided by massive infusions of private capital.

But private capital would not have flowed to Canada if, in addition to the normal business risks, there had been a continuous threat of confiscation, or a burden of government restrictions on ownership or operations that would have made profitable operations impossible.

Private development capital is freely available in the world today. For example, private investment by United States firms in underdeveloped countries during the 2½ year period July 1, 1955 - December 31, 1957, is estimated at about \$1.5 billion. This amount was greater than the total of the highly advertized Soviet "aid" to underdeveloped countries during the same period. And it will do much more to develop resources in the recipient countries, and to raise standards of living, than will the Soviet "aid" program, because U. S. private capital investment passes the test of making economic sense, rather than political sense, as in the Russian case.

It is true that this recent U. S. private capital investment in underdeveloped countries is highly concentrated geographically, with about half of it going to Latin America. But an indispensable requirement for any private investment is that it be given a fighting chance to make a profit. Profit is not a dirty word, it is a yardstick for measuring the economic soundness of an investment. It is as applicable in Cairo as in Cincinnati.

It is the same yardstick that was used in Canada. The true "lesson of economic development," to revert to the Russian phrase, that 20th century history teaches underdeveloped countries <sup>is</sup> to provide a climate in which free enterprise can flourish.

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